



JONATHAN E. FIELDING, M.D., M.P.H.
Director and Health Officer

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October 21, 2011

TO: Each Supervisor

FROM:  Jonathan E. Fielding, M.D., M.P.H.
Director and Health Officer

SUBJECT: **NOTIFICATION OF THE USE OF DELEGATED AUTHORITY TO EXECUTE SEVEN AGREEMENTS AT REDUCED MAXIMUM OBLIGATION AMOUNTS FOR THE PROVISION OF DRUG/MEDI-CAL SERVICES**

This is to notify you that I am exercising the delegated authority approved by your Board on June 7, 2011, to increase or decrease the contractual maximum obligations of Drug Medi-Cal (DMC) agreements, subject to review and approval by County Counsel, and notification to your Board and the Chief Executive Office.

Pursuant to the ruling of Sobky v. Smoley, counties are required to enter into agreements with all State-certified DMC service providers who request service contracts. Moreover, when these agencies request funding adjustments necessary to provide services to persons eligible for DMC program services, counties are required to amend the DMC agreement to reflect actual services and funding. Under this federal ruling, counties have no basis to deny reimbursement for services if the contractor is in full compliance with contractual requirements.

On June 7, 2011, your Board approved new DMC agreements with agencies referred to the County of Los Angeles by the State Department of Alcohol and Drug Programs, effective July 1, 2011 through June 30, 2014, at specified amounts, contingent upon the agency's submission and approval by the Department of Public Health (DPH) of all required documents, including a performance security bond. Since that time, seven of the agencies have been unable to post the performance security bond that was contractually required given the originally approved funding level. Therefore, DPH has negotiated a reduced contractual maximum obligation with each of these seven agencies, which now enables them to meet the performance security bond requirement.

Under the delegated authority referenced above, I will therefore execute seven agreements at the reduced contractual maximum obligations identified in Attachment A.

County Counsel has reviewed and approved the agreements as to form and this delegated authority action.

If you have any questions or need additional information, please let me know.

JEF: lm:ar
#2000

Attachment (1)

c: Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel

**COUNTY OF LOS ANGELES - DEPARTMENT OF PUBLIC HEALTH
SUBSTANCE ABUSE PREVENTION AND CONTROL
Drug/Medi-Cal Agreements**

ATTACHMENT A

BOARD APPROVED					REVISED ACTUAL				Annual Funding Adjustment
Agency	SUP	Modality	2011-12 Funding	2012-13 Funding	2013-14 Funding	2011-12 Funding	2012-13 Funding	2013-14 Funding	
1 ALLIED TREATMENT CENTER PH-001742	5	ODF	\$50,000	\$50,000	\$50,000	\$40,000	\$40,000	\$40,000	(\$10,000)
	5	DCH	\$50,000	\$50,000	\$50,000	\$10,000	\$10,000	\$10,000	(\$40,000)
2 AMERICAN HOPE HEALTH CARE PH-001744	1	NTP	\$50,000	\$50,000	\$50,000	\$15,000	\$15,000	\$15,000	(\$35,000)
	1	ODF	\$50,000	\$50,000	\$50,000	\$15,000	\$15,000	\$15,000	(\$35,000)
3 FLORENCE DRUG AND ALCOHOL PH-001754	2	ODF	\$50,000	\$50,000	\$50,000	\$40,000	\$40,000	\$40,000	(\$10,000)
	2	DCH	\$50,000	\$50,000	\$50,000	\$10,000	\$10,000	\$10,000	(\$40,000)
4 MAXIN HEALTH CARE PH-001762	2	ODF	\$50,000	\$50,000	\$50,000	\$20,000	\$20,000	\$20,000	(\$30,000)
	2	DCH	\$50,000	\$50,000	\$50,000	\$30,000	\$30,000	\$30,000	(\$20,000)
5 MOUNT ZION COUNSELING SVS PH-001764	2	ODF	\$50,000	\$50,000	\$50,000	\$40,000	\$40,000	\$40,000	(\$10,000)
	2	DCH	\$50,000	\$50,000	\$50,000	\$10,000	\$10,000	\$10,000	(\$40,000)
6 PRIORITY HEALTH CARE PH-001767	2	ODF	\$110,231	\$110,231	\$110,231	\$6,000	\$6,000	\$6,000	(\$104,231)
	2	DCH	\$0	\$0	\$0	\$6,000	\$6,000	\$6,000	\$6,000
7 WEST COAST OUTPATIENT SVS PH-001779	2	ODF	\$50,000	\$50,000	\$50,000	\$25,000	\$25,000	\$25,000	(\$25,000)
	2	DCH	\$50,000	\$50,000	\$50,000	\$25,000	\$25,000	\$25,000	(\$25,000)
	2	PODF	\$20,000	\$20,000	\$20,000	\$0	\$0	\$0	(\$20,000)
	2	PDCH	\$20,000	\$20,000	\$20,000	\$0	\$0	\$0	(\$20,000)
			\$140,000	\$140,000	\$140,000	\$50,000	\$50,000	\$50,000	(\$90,000)
Total Annual Funding Decreases:			\$750,231	\$750,231	\$750,231	\$292,000	\$292,000	\$292,000	(\$458,231)